RADAR LOGIC INCORPORATED

Press Release

July 24, 2012

Radar Logic Calls the Housing Market a Short

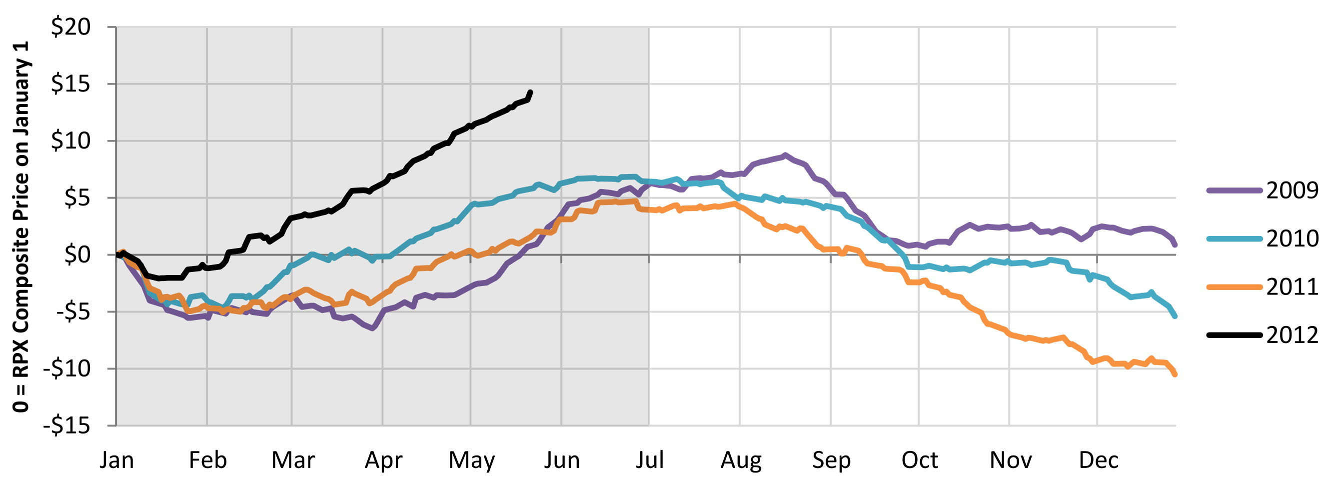
New York, NY – July 24, 2012 – Recent claims that home prices have bottomed are premature, according to the May 2012 RPX Monthly Housing Market Report released today by Radar Logic Incorporated,

"Those people looking at current results and calling a bottom are being dangerously short sighted," said Michael Feder, Radar Logic's CEO. "Not only are the immediate signs inconclusive, but the broad dynamics are still quite scary. We think housing is still a short."

On a month-over-month and year-over-year basis, the RPX Composite price rose 2.6 percent and 0.7 percent, respectively. Home prices have exhibited more strength to date in 2012 than they have over the same period in the preceding three years. As shown in Exhibit 1, the RPX Composite price increased $14.27 (8.3 percent) from the beginning of 2012 through May 23, much more than the increases during the same period in 2009, 2010 and 2011.

However, the relative strength in home prices thus far this year does not necessarily indicate that home prices have hit a bottom. The relatively rapid increase in the RPX Composite thus far in 2012 is consistent with the hypothesis that mild winter weather temporarily boosted demand. Assuming that these buyers would have entered the market later in the buying season under more typical circumstances, the early uptick in housing demand will have come at the expense of weakness in demand later on. If this hypothesis is correct, we would expect the RPX Composite to begin its seasonal decline in May or June rather than July or August, as in years past.

Exhibit 1: Change in RPX Composite Price from Beginning of Year, 2009-2012



Source: Radar Logic

Even if the mild winter hypothesis turns out to be false, home prices are not likely to appreciate on a sustained and meaningful basis. Rather, short-term appreciation will paradoxically short-circuit long-term appreciation and perhaps trigger further declines. On the supply side, higher prices will entice financial institutions to sell more of their inventories of foreclosed homes and allow households that were previously unable to sell due to negative equity to put their homes on the market. As a result, the supply of homes for sale will increase, placing downward pressure on prices. On the demand side, rising prices could reduce investment buying. Much of the current demand in the housing market comes from institutional investors. This demand could evaporate when prices rise to the point where investors can no longer achieve their target returns.

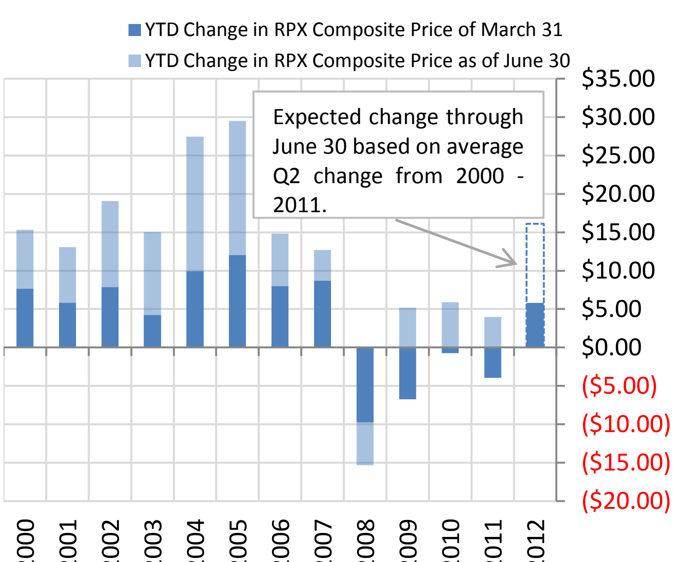
Exhibit 1 also shows that, while appreciation from the beginning of the year through the end of June was fairly consistent in from 2009 to 2011 (notwithstanding variation in the routes along the way), the extent to which the RPX Composite price declined from the summer peak through the end of the year varied widely. From January 1 to June 30, the RPX Composite increased $5.70 (3.0 percent) in 2009, $6.45 (3.4 percent) in 2010 and $3.97 (2.2 percent) in 2011. From July 1 to December 31 the changes in the Composite varied much more widely: -$5.42 (-2.7 percent) in 2009, -$11.84 (-6.0 percent) in 2010 and -$14.49 (-7.7 percent) in 2011.

"From one year to the next, price trends tend to vary much more in the second half of the year than in the first," said Quinn Eddins, Director of Research at Radar Logic. "We will have to wait to see data for October or later to know whether 2012 will turn out to be a good year or a bad year for home prices."

The Near-Term Outlook

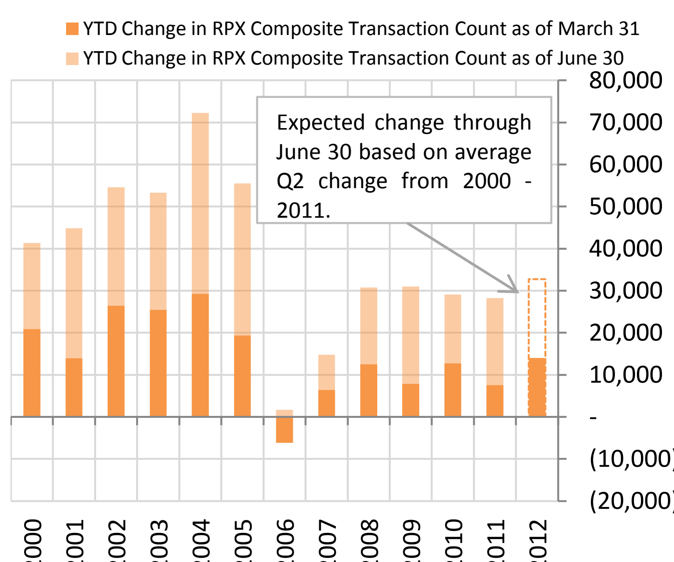
Exhibits 2 and 3 show that, when there is strength in the market, prices have tended to accelerate in the second quarter relative to the first. However, if our analysis is correct and the strength in the first quarter numbers was driven by temporary factors, we will not see the second quarter appreciation predicted in these charts. Moreover, other market factors suggest the results may be much weaker than these target levels and we would expect such an outcome to weigh heavily on already negative psychology. Not surprisingly, Exhibits 4 and 5 show that the twelve month trends for prices and transactions, both other and motivated, are mostly negative. Taken all together, we think housing is a better short at these levels.

Exhibit 2



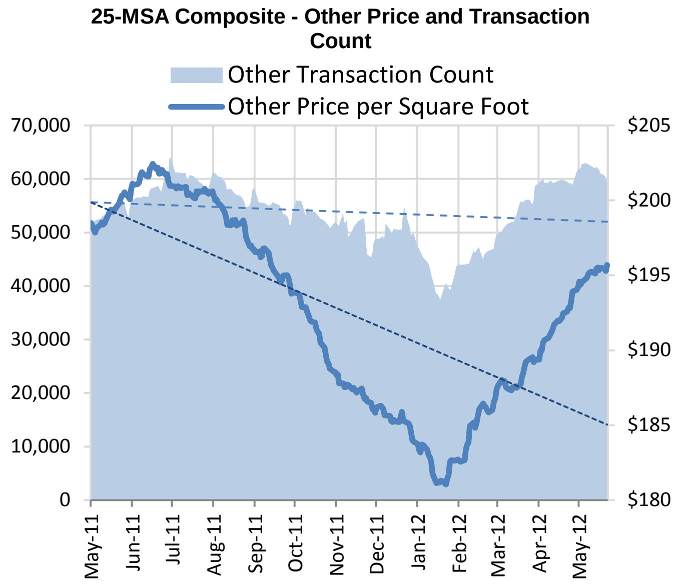
Source: Radar Logic

Exhibit 3



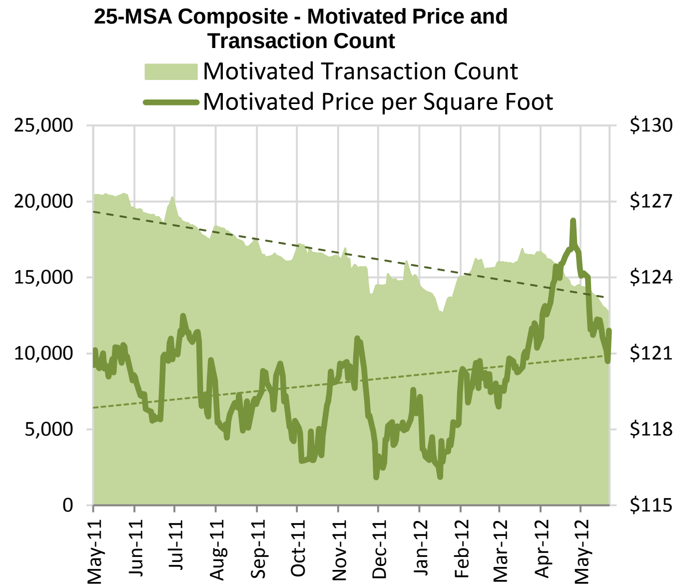
Source: Radar Logic

Exhibit 4



Source: Radar Logic

Exhibit 5



Source: Radar Logic

Key observations from the May 2012 RPX Monthly Housing Market Report:

- Evidence that the housing market has bottomed is not conclusive
- Data from the second half of the year reveals more about price trends than data from the first half
- Reports of diminishing supply are greatly exaggerated
- Psychology and total inventory – including both "visible" and "shadow" inventory - suggest housing is a short

The complete May 2012 RPX Monthly Housing Market Report, containing detailed tables and charts covering 25 U.S. metropolitan areas, is available on Radar Logic's website.

Report Methodology

The RPX Monthly Housing Market Report is produced by Radar Logic Incorporated, a New York-based real estate data and analytics company. These reports provide insight and detailed analysis of Radar Logic's 25 Metropolitan Statistical Areas (MSAs) and the Manhattan Condo market. This study is based on the premise that each of the MSAs, while having economic influences in common like credit and mortgage rates, is influenced primarily by local conditions.

Data in the RPX Monthly Housing Market Report reflect the 28-day aggregated value of Radar Logic Daily™ Prices. The price per square foot metric used is a powerful tool for analyzing housing markets because it significantly reduces the influence of property sizes on overall housing price trends, which can skew results. The Daily Prices for each MSA are not adjusted for seasonal variations. In some cases, Daily Prices may vary based on reporting characteristics within individual MSAs.

The June 2012 RPX Monthly Housing Market Report will be released on August 23, 2012, at 4:00 PM EDT.

About Radar Logic

Radar Logic Incorporated, a real estate data and analytics company, calculates and publishes the Radar Logic Daily™ Prices. The prices track housing values for major U.S. metropolitan areas and are the basis of the Residential Property Index™ (RPX™), a market that enables real estate to be traded as a liquid asset via property derivatives marketed by major financial institutions. RPX allows real estate and financial professionals to manage opportunity and risk, invest in real estate values without owning physical assets and effectively analyze markets using a consistent metric: price per square foot.

For more information on Radar Logic and the RPX, including licensed dealers, please visit www.radarlogic.com.

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